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Business Plan for “Three Generations”

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Abstract

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This thesis presents a business plan of an innovative start-up, named “Three Generations”(TG), which includes three infrastructures: Senior Residence, Nursery&Kindergarten and Pool&Gym. I did a extensive research of both industries using mainly internet resources. I identified that Portugal is currently experiencing an “aging boom” and that intergenerationality is a key factor to deal with it. Although in the last years there was an increase in Senior Care Services supply, a market gap is identified, so TG’s main target will be people with medium/medium-high income level, and by joining seniors with children, the company will be contributing to the active aging.

Key Words

Entrepreneurship, Senior, Children, Intergenerationality

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1. A day in the life of Three Generations

It's 8 a.m. on a Friday in April, and the doors open for children at the Nursery on Happiness Avenue. At the same time, seniors wake up at the senior residence and it's time for breakfast and hygiene procedures. Until 10 a.m. children play freely in their classrooms and then they start their activities, as music classes, gymnastics or English lessons, some of them taught by younger seniors with the appropriate capabilities. At the senior residence, it's also time to start the activities, gymnastics in the pool, music and laughing classes, computer and English lessons or others. During the morning the doctor and nurses visit the more dependent seniors in the first floor and the ones that need physiotherapy do it in the special rooms designated for it where they have all the necessary instruments or in their own rooms when necessary.

At 12 a.m. is lunch time for the children, and seniors are in the drawing room. After lunch children do their afternoon nap while seniors have lunch and then have their afternoon nap as well or have free time. Some seniors that live in the apartments do the same but on their own and some receive visits to have lunch with them, like family or friends. In the early afternoon, doctor, nurses and some assistants have a meeting to discuss some seniors' clinical situation and to give/receive instructions. All comments are registered in case families want information about their relatives.

Around 3p.m., children have their mid-afternoon snack and later have more activities similar to the ones they had in the morning. The same happens with the seniors. And especially because it is Friday, children and seniors have some activities together, to improve their intergenerational relation. Before 5p.m., parents or relatives come to the nursery to fetch their children. Then, some go to the senior residence to visit their senior relatives and others go to the pool for the children swimming classes. At 7p.m., the bell rings and all seniors that wish to go to mass have that opportunity,

which is also a chance to meet with the community. The chapel is obviously inside the senior residence because some seniors can't go out of the place. During the whole day, some people come to the Pool&Gym before or after visiting their relatives.

In the early evening, seniors meet again in the dining room to have dinner together and then they go to their rooms to watch some television or to be on their own as they wish. Some pass by the drawing room to chat, play cards or simply to watch television together. At 10 p.m., all the seniors are in their rooms sleeping.

2. Executive Summary

Three Generations (TG) is a place where people can start and end their life with the dignity that is deserved in both cases. This means that in the same land we have a Senior Residence and a Nursery, promoting the intergenerationality. The concept also includes the Pool&Gym building that can be used by seniors, children and their relatives. The facilities will be located in the municipality of Lisbon, near the community and with public transport access. The management team has the following objectives:

- Secure 16.850.000€ funding to open the start-up in Lisbon during 2014
- Prove the business generates 2.700.000€ in sales and 7% cash-on-cash returns
- Analyze the possibility of expanding the business to other locations

TG will offer “Casas da Cidade” (Espírito Santo Saúde Residencies) service quality by focusing on highly trained staff and a huge diversity of activities. This will be complemented by an intergenerational relation between seniors and children. In the Residence there will be three typologies of apartments (T0, T1 and T2) and rooms; and in the Nursery there will be different classrooms for each age. The services will be priced 300€-400€ for children, 1450€-3500€ for seniors, and 35€-50€ for Pool&Gym use.

The residential senior care and childcare industries are difficult to quantify because there are many informal players in both markets. The TG target segment in the senior industry comprises people aged 65 or more, living alone, in exclusive company of other senior people or with relatives, mostly residents in Lisbon; and earning a monthly income/pension of at least 1500€. In the children's segment, TG will target children aged between four months and six years old. They are mostly residents in Lisbon, and their parents earn a medium household income of 2000€ or more.

TG will use multiple revenue streams to compete in this market, resulting in profits since the first year of operations, and if the first unit displays good results, there will be the possibility to expand the business.

The TG founders are passionate about the senior and child care industries; experienced with entrepreneurship; public relations, and performance under pressure; and educated by NOVA School of Business and Economics. They are also in the process of building a management team and board of directors with a lot of experience in both industries, creating a team well-defined to follow this opportunity.

3. The Concept

Three Generations (TG) is a place where people can start and end their life with the dignity that is deserved in both cases. This means that in the same land we have a Senior Residence and a Nursery&Kindergarten (denominated from now on only as Nursery), promoting the intergenerationality. The concept also includes the Pool&Gym building that can be used by senior, children and their relatives (See Appendix 1&2). The Senior Residence will have 24 rooms and 28 apartments, and the nursery will have 82 vacancies. It is a full-service for both cases:

	Senior Residence	Pool&Gym	Nursery&Kindergarten
Characteristics	<ul style="list-style-type: none"> ★ Rooms&Apartments <ul style="list-style-type: none"> - 24 rooms - 8 Apartments T0 - 16 apartments T1 - 4 apartments T2 ★ Drawing rooms ★ Activities rooms ★ Dining rooms ★ Interior and exterior parking ★ Individual collections ★ Exterior gardens ★ Bar and terrace ★ Cinema room 	<ul style="list-style-type: none"> ★ Swimming Pool ★ Children Pool ★ Gym 	<ul style="list-style-type: none"> ★ Nursery <ul style="list-style-type: none"> - Class 3-12 months - Class 1-2 years old ★ Kindergarten <ul style="list-style-type: none"> - Class 2-3 years old - Class 3-4 years old - Class 4-5 years old - Class 5-6 years old ★ Refectory ★ Exterior gardens
Services	<ul style="list-style-type: none"> ★ Daily meals ★ Personal care ★ Cleaning ★ Maintenance ★ Laundry ★ Medical and nursing daily monitoring ★ 24h assistance ★ Internet access ★ Several activities ★ Physiotherapy ★ Transport ★ Exterior tours 	<ul style="list-style-type: none"> ★ Fitness (machines) ★ Group Classes <ul style="list-style-type: none"> - Hydro gymnastics - Senior Swimming - Babies Swimming ★ Personal Trainer 	<ul style="list-style-type: none"> ★ Lunch and afternoon meal ★ Several Activities <ul style="list-style-type: none"> - Plastic Expression - Gymnastics - Music classes - English Classes - Culinary Classes - Informatic Classes ★ Massages for babies ★ Pediatrician supervision ★ Daily reports for parents ★ Study visits ★ Beach in the summer

As these three infrastructures imply a huge investment, in the future it will be analyzed the possibility to use the Senior Residence building also as a Day Care Centre and as a backstage/support of Domiciliary Care Services. Also special events (birthday parties, family parties) and meetings could be an interesting source of revenue.

A typical day of TG is summarized in the following table:

Day time	Senior Residence	Pool&Gym	Nursery&Kindergarten
8am-10am	Breakfast, hygiene	Free	Children Arrival
10am-12am	Activities	Group Classes	Activities
12am-2pm	Lunch	Free	Lunch, afternoon Snap
2pm-3pm	Free time	Free	Afternoon Snap
3pm-5pm	Activities	Group Classes	Activities
5pm-7pm	Visits, activities, free time	Group Classes	Extra hour children free time
7pm-8pm	Mass, free time, dinner	Free	Close
8pm-9pm	Dinner	Close	Close
9pm-10pm	Free time	Close	Close
10pm-8am	Sleep	Close	Close

Value Proposition

The TG mission is to give children and seniors an amazing start and end of life, creating an intergenerational relation between both. TG will provide the clients an ambitious physical space and lot of activities to give them the maximum comfort, and the opportunity to interact with other people and to develop the capabilities of both stages of life.

Intergenerational relation In the context in which we are living today, with a growing tendency of aging, seniors feel more isolated and depressed and children are more and more attracted by new technologies leaving aside the relationships with people. As a result, many psychological studies are being done, concluding that there are huge benefits related with the interaction between seniors and children. Creating a place where both can interact every day, TG fills the gap in social options related with these two stages of life, contributing essentially to an active aging.

Differentiation & Sustainability

TG will give the opportunity to enjoy these two places as a complete service that will be difficult to replicate, giving its complex nature. Some important elements of this service are the following:

Intergenerationality This is the key factor of TG. Beyond all the activities that both clients (seniors and children) will have access separately, there will be a range of activities that they will perform together in order to stimulate an intergenerational relation. For example, a project of grandparents and grandchildren can be implemented, assigning each senior to each children, making them to feel responsible for each other; some outside visits can be done together and many other programs will be realized.

People All TG employees will be admitted having in consideration their previous experience and academic studies, to guarantee that the more qualified are chosen and that they have the right skills for the tasks they will need to execute. After the admission, all the employees will complete a comprehensive training program, for them to understand the roles they will play and the conductive line of TG in order to act accordingly to it. They will also be subject of periodic assessment of performance.

Personalized Service In the admission, each client will be asked about their habits, difficulties, dreams, preferred activities and dietary needs and all the information will be compiled and stored in the company databases. This way, TG will have the opportunity to know better each client and it will be possible to satisfy their specific needs and wants. For example, in a client birthday TG can make his favourite meal; the company can try to accomplish some of the dreams of the clients; etc. In the senior residence the seniors will have the opportunity to choose the typology of the room and to customize their own rooms.

Quality All TG facilities comply with the principles set out in the Decreto-Lei n°317/97¹ (Pool&Gym), Portaria n°262/2011² (Nursery) and Portaria 67/2012³ (Residence), which concerns to the regulation of conditions of installation and operation of the respective buildings. All the services provided by TG will have the best possible quality. The food will be chosen by specialized nutritionists having in account the different needs in both stages of life and it will be confectioned by certified cooks in appropriate spaces with all the requisites verified.

Security TG facilities will be 24 hours supervised by well-trained securities so clients can walk safely in all indoor and outdoor spaces. All people that enter in the buildings need to be identified. And the entrance to the room's floors is conditioned. All the

materials used in the residence and nursery will have all the necessary security conditions. There will be also signs on doors of rooms and bathrooms suitable for people with cognitive deficits.⁴

Diversity of Activities Many activities will be available. A team of specialists will have the role of carefully planning all the activities in order to be adequate to each different age, and to develop and highlight the capabilities of children and seniors.

Community There will be a huge dynamic between the Community and the Residence, once the institutionalized senior will be motivated to participate in activities organized by the Community, along with the non-institutionalized people. TG will also promote activities within its own facilities, so that the merger between the two realities demystifies the institutionalization as the symbol of a deathbed and facilitates the adaptation of future institutionalized.⁴

4. The Market

To approach this topic, during three months it was conducted a complete study of the senior market in Portugal and a bit less comprehensive study of the children market. Next is shown a summary of the relevant findings:

Context

There are a variety of trends in the Portuguese society that creates a favorable environment for the launch of an Assisted Residence and a Nursery, including:

Demographic Aging Provisional results of Census 2011⁵ indicate that there are 10 561 614 habitants residing in Portugal, which means an increase of about 2% over the last decade. The senior population, aged 65 or over, resident in Portugal is 2 023 million people, representing about 19,1% of the total population and the young population, aged

14 or under, represents only 14,89%. The Portuguese aging index (ratio between the number of seniors and the number of young people) is 129, meaning that Portugal now has more senior than young people, there are 129 senior per 100 young people. In today's World, Portugal is one of the countries with the oldest population (10th in percentage of senior people and 14th in the aging index)⁶. In 2011, 12% of population had a complete university degree, which is about double of what was recorded in 2001.⁵ This trend of aging of the Portuguese population is expected to continue in the next decades and in 2050 is estimated that 35,72% of the population will be the senior and children and youth will represent only 14,4%.⁶ It is anticipated that people can live on average 81 years, which shows a significant increase compared with the longevity index of 79.20 verified last year. In 2050, it is also expected the existence of 6400 people aged 100 or more, contrasting a lot with the 300 people recorded in 2001⁷. This means that people are reaching older ages healthier but the weight of highly dependent senior people will increase.

Isolation Around 60% of the Portuguese seniors live alone (400 964) or in exclusive company of other seniors (804 577), reflecting an increase of 28% since 2001. Also interesting is that there are 797 851 dwellings inhabited exclusive by senior people, representing approximately 20% of total occupied homes.⁸ Some researchers referred the depression and loneliness as the geriatric disease by the frequency they emerge associated. The promotion of friendship and social relationships are the key to undo feelings of loneliness, and sometimes the institutionalization facilitates it.⁴ Sometimes the debilitated health of senior causes huge problems of mobility, taking them to spend long periods of time at home, rising their social isolation and inhibiting them from having access to basic needs (health care access, shopping and participating in social

leisure activities).⁶ It is really important to counter the risk of social isolation by promoting an active participation in collective activities (cultural, recreational or civic nature); transfer of skills and experiences by senior; and improving the relation between senior and young people; etc.

Aging Aging is a dynamic process in which they are giving physical and psychological changes that determine progressive loss of adaptability of the individual to the environment, causing vulnerability and making it more susceptible to intrinsic and extrinsic assaults that eventually lead the human being to death.⁹ Cardiovascular disease, hypertension, stroke, diabetes, cancer disease, chronic obstructive pulmonary disease, changes musculoskeletal, mental health problems and impaired vision and hearing are the diseases that appear with more prevalence in aging and that greater losses of autonomy may cause, degrading the seniors quality of life. Dementia is other major leading cause of disability in later life, and about two-thirds of seniors in residential facilities suffer from it. It is estimated that in Portugal there are about 153,000 people with dementia.⁴ During the aging, seniors have to deal with several difficulties like the preparation of meals, bathing, dressing, personal hygiene, transfer, using the telephone, shopping, housework and taking medicines, among others.

Active Aging The World Health Organization (WHO) adopted, in the late 90s, the paradigm "Active Aging", understood as a “process of optimizing opportunities for health, participation and security in order to improve the quality of life as people get older”¹⁰. In this context, the European Parliament and the European Commission declared 2012 as the European Year for Active Aging and Solidarity between generations, which “aims to draw attention to the importance of the contribution of older people to society and encourage policy makers and all the interested parts to take

action to create the conditions for active aging and strengthening the solidarity between generations”¹⁰. Some changes have been taken as a way to achieve the principles set out in the concept of Active Ageing, such as, the permanence during more years in the labor market and the promotion of healthier lifestyles that provide to live longer with health (physical, mental and social wellbeing) and life quality. Active Ageing depends of some determinants: individual, family, environment, country, cultural characteristics and gender; thus “every person and every family should anticipate and prepare for old age and make personal efforts to adopt practices favorable to health over a lifetime”.⁹ A percentage of Portuguese seniors, already presents an active ageing lifestyle, being the most common leisure activities watching television, walking, socializing with family and friends, reading, using the Internet, having a hobby, playing sport, participating in cultural events, being a member of recreational associations, spending time in libraries, studying, performing volunteer actions and practicing religion.⁶

Intergenerationality Active aging and intergenerational solidarity are considered to be key elements of social cohesion, contributing to a higher quality of life as people age.⁷ Intergenerationality is advantageous for both generations, as they contribute considerably not only to active aging but also to children’s learning process. So, between the generations, new solidarities must be developed, based on mutual support and the transfer of skills and experiences.

Retirement With increasing longevity, there was a time gain in the final stage of life, and “the definition of senior has been placed by the disparity between the "legal age for retirement" (65 years old) and the individual skills of the people who own it”.⁹ Thus, several studies argue that the definition should hold up much with the functionality of the individual. The retirement is marked by the exit of the labour market, which is

associated with lot of changes in the life of retired people. People react differently to this transition process; some don't want "to retire" because during long years they made the work their life goal and others even wanting "to retire", are not prepared for change. Some variables that experience changes throughout this process are the lifestyles, occupation time, health, married life, family life, social relationships, own identity, between others. The most positive aspects highlighted by the entry in the reform are release schedules and the pressures of occupation, freedom to perform activities of personal interest, and the intensification of social and family relationships; but sometimes this period is marked by a tendency of social isolation, difficulty in occupying the time available and maintaining a social network.⁴

Volunteering Although volunteer work is a relatively recent dynamic in Portugal, it was estimated that, in 2005, there were around 1,6 million volunteers. It has a more significant presence in the religious institutions and "there is a considerable connection between socio-economic profile and voluntary work: the higher the individual/family economic capacity, the easier it is to spend time doing non-compulsory tasks, such as volunteer work".⁶ Some seniors, after retire, want to contribute and participate more actively in the community, so it is important to develop specific programmes in order to easily find voluntary services, tasks and activities suited to their interests and capacities.

Senior Care The formal options for geriatric available in Portugal are: Senior home; Socialization Centre, Day Care Centre, Senior Residence, Domiciliary Care Service, Home Family, Temporary Shelter and Night Centre. The main reasons of institutionalization are centred on illness, loneliness and family decision; and the most often reasons to enjoy being in a senior institution are ensuring care and companionship.⁴

In the next years, it is expected a significantly grow of senior care industries, fuelled not only by the aging of the population, but also by the lower involvement of families in the provision of senior care due to changes in family dynamics (more working women, increase in the retirement age, gradual predominance of smaller size families, increase of time-demanding jobs); the greater openness of younger generations to paid senior care services and institutionalization; and lifestyles more proactive (involvement in volunteer programs or frequency of Senior Universities). The demand is expected to increase also in quantitative terms, as the level of education and income of senior population rises, they will demand senior care services with higher quality (e.g. specialized care, qualified personnel, higher frequency care). The State and non-profit-making organizations respond mainly to the most vulnerable populations, while private sector operators supply those with more means. This results in a market gap in terms of services for the senior with medium and medium-low incomes, which are served by private informal players and by the public sector, but with severe disruptions.⁶

Childcare Some years ago, childcare was a much talked issue and many people decided to invest on it. Although this trend has slowed, mainly because of the slowdown in birth, new childcare facilities will be needed, since there are still waiting lists in nurseries and kindergartens.

Target Customers

As this project is focused in two industries: the senior care and the childcare, the business will have two distinct target customers:

Senior segment The TG target segment in the senior industry comprises people aged 65 or more, living alone, in exclusive company of other senior people or with relatives. They are mostly residents in the municipality of Lisbon and surroundings, living in

apartments or villas. They earn a monthly income/pension of at least 1500€, meaning that TG is targeted at medium/medium-high income senior people. Most of them have a university degree. There is much information about these target customers, since the aging of the population is a worrying factor in our society. The people more vulnerable in this segment are the widows, the divorced and the older couples who live alone. Many studies are being done about this target, which give a detailed idea of what are the needs and preferences of the senior in this stage of life. This way, TG will have the right tools to market directly this segment. It is expected that people come to the residential facilities when they are still totally independent, in order to take advantage of the conditions offered, to make friends and to be completely comfortable in the place where probably they will spend their last moments of life.

Children segment In the children segment, TG will target children aged between four months and six years old. They are mostly residents in the municipality of Lisbon and surroundings, and their parents earn a medium household income of 2000€ or more. Many of them will have the grandparents or the great-grandparents in the residential facility once this will be a great opportunity to maintain the relations between both.

Market Potential

In the last years, it has been observed a significant grow of the senior-focused industries. The residential care services have been an annual grow of 2%, while socialization centres are growing 4%, day care centres only 1% and domiciliary services approximately 7%. Although this growth, available senior care services remain insufficient. Only 4.5% of the population aged 65 or over have access to domiciliary care; residential and day centres only reach 4% and socialization centres cover less than 2%. The service with the highest lack of supply is the residential care, with waiting lists

exceeding 15.000 seniors (>25% of the current capacity). The public sector, dominates the delivery of senior care services, controlling >80% of the capacity available in the market, and is targeted at low-income senior people. The private sector (formal and informal players) controls the remaining <20% and is focused on a medium-high and high-income segment.⁶

Regarding the childcare industry, the private sector has more significance compared with the senior industry, and mainly in Lisbon, most of nurseries has also waiting lists, which means that there is room for TG to penetrate.

As this market is very instable and implies huge costs, TG will open only this unit of residential facility and if the business shows good performance it will be possible to replicate it in other regions of the country.

Industry Analysis

The senior care industry presents a good opportunity for private companies to establish in the market, but same difficulties are found. Switching costs (mainly monetary and psychological) are high, so companies must attract new customers when they are doing their choice. Although the barriers to entry are not high, it is important to mention the high operating costs of senior care services, which make it difficult for the private sector to charge accessible prices to the low-income segment; the shortage of Government Programmes co-funding investment of care services for medium and high-income senior people⁶; and the strong legislation. Substitutes, (domiciliary care services, day care centres) offer a price advantage, even though it has not sufficient quality. Finally, regarding competitors, large scale operators still participate very little, representing less than 1% of private capacity and informal players are the greatest threat, as can be seen in detailed information given in the next section.

5. The Competition

Although the analysis of competition for the two industries has some similar aspects, as the fact of both industries having public and private sector, and formal and informal operators, it will be presented separately: senior care industry and childcare industry.

Senior care

This industry has three main segments: Residential care, Day care centre and Domiciliary care services. All the three segments are served by the public (State and Third Sector, non-profit) and private sector (for profit) being the last one divided in formal and informal providers. The public sector competitors are mainly Private Institutions of Social Solidarity (IPSS) and Institutions of religious nature, like Holy Houses of Mercy, Social Centres and Parishes and they are located all over the country. These types of competitors are directed to low-income people but, for example, the Holy Houses of Mercy which provide all the types senior care service have huge waiting lists. The private sector competitors include the informal operators (mostly untrained immigrant women, who also perform other housing tasks like cleaning) focused in domiciliary services and the formal operators focused in residential care (dominated by small scale operators). The participation of large-scale players is really small and currently there are only four large-scale players operating in the market: José Mello Residências e Serviços, Espírito Santo Saúde, Carlton Life and Montepio Residências e Serviços. TG will have the quality of these players, with modern installations and qualified people but with more accessible prices, trying to have more diversity of services in order to obtain higher revenues to spread the initial investment between more clients.

Childcare

This industry has also three segments: Creche (4-36 months), Kindergarten (3-6years old) and Nursery (4 months - 6 years old). The last two segments are served by the public and private sector being the last one divided in formal and informal providers, but the Creche segment is only served by the private sector. The public sector competitors are mainly Private Institutions of Social Solidarity (IPSS) and Institutions of religious nature, like Holy Houses of Mercy, Social Centres and Parishes and they are located all over the country. This type of competitors is directed to low-income families and they have huge waiting lists. The private sector competitors are directed to medium and high-income families.

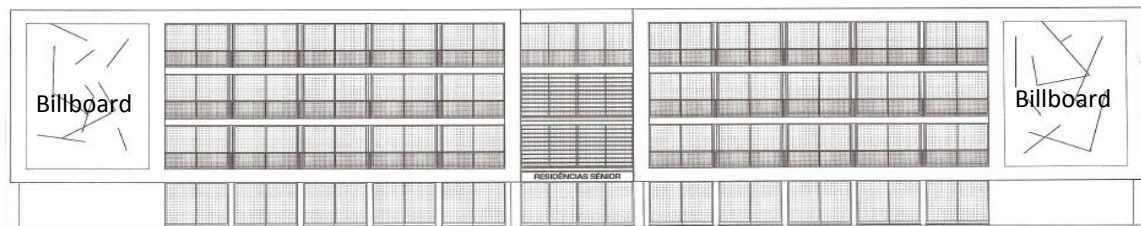
6. Marketing Strategy

The following strategic marketing tools will allow TG to create clients awareness of its value proposition and willingness to join “the family”:

Location The TG facilities will be located in the district of Lisbon, because about a quarter of the senior lies in the region of Lisbon and 22% of them are living alone. In the municipality of Lisbon is registered the highest percentage of places inhabited by only one senior person (14.9%).⁸ The local will be served by public transports and it will be near the community, preferentially with an hospital in the surroundings.

Pricing TG prices are positioned at medium and medium-high income level. Clients interested in the apartments of the residence will have two types of pricing available: 1) to buy the right of usage plus a monthly payment or only the monthly payment obviously higher than the previous. There will be discounts for families. See Appendix 2 for detailed list of proposed modalities of payment and prices.

Advertising/Promotion In TG installations there will be two huge billboards advertising customers about the business, as can be seen in the picture above. The word-of-mouth will have a significant role because as both services, senior and childcare, are very personal and personalized, people like to listen the opinions of friends to take their choice. The company will also have information available on internet, having a website and a page on Facebook.



Open events Prior to the opening of the facilities, TG will provide guided visits in which some workers of private and public institutions will be invited and obviously the media will be present. Some discounts will be offered to clients that buy the “lifetime right of usage” before the opening of the facilities.

Community relation TG will create a platform for volunteers, so the community can register and they can choose the areas in each they feel more able to help. Also, the company will offer the facilities to some non-profit institutions make their events, specially a religious institution, Schoenstatt Movement, as this is a way of institutionalized people to have contact with the community. Some other activities will be created together with the community, inside or outside the facilities. All these activities will increase customer awareness of the concept.

Special Events In the TG facilities will take place some special events, like the Christmas party, São Martinho Party, Summer Party, etc. And clients will be aware that the facilities are available for some personal functions, like family meetings, birthday parties, between others.

7. Operations & Facilities

TG facilities will hold several operations and although the concept seems to be very attractive, it is necessary to take attention to the more little things in order to make sure that all the details are in accordance with the expectations of the clients and that all the processes included will work a hundred percent.

Interior Design TG facilities will be equipped with the most modern and advanced materials in order to give all the security and comfort to the clients. All the apartments of the residence will have the possibility to have single or double rooms and seniors may decorate the rooms at their own tastes, making use of personal objects which make the space cosy and meaningful for them. In the children facilities, there will be a room for each age with the appropriated materials for their users. Most of the spaces will be glazed to give more natural light to it. A prototype plan is included in Appendix 1.

Exterior Design The children building will have a balcony in the first floor for children of 1-2 years old and in the main floor there will be a garden for children of 2-6 years old. The residence will have an interior garden where seniors can relax and spend some time together. Additionally, there will be a huge common garden where senior, children and families can meet and where many activities will be done.

Residence Operations Before joining the facilities, the senior will have the possibility to have a guided visit to all the common spaces and during the first week one current client will be assigned to help the new client to get to know better the facilities and to feel very welcomed. Also, each senior will have a meeting with a geriatric specialist that will complete a full form with all the information of the senior, including their needs, their preferences and their capacities in order to suggest the activities that best suited him. Every month this meeting will be repeated in order to understand how is going the

routine of the senior and what he has to say about the residence. The entering and exit in the residence will be monitored by an experienced team of securities and there will be cameras all over the facility. The residence has 24 hours assistance and when a client asks for assistants, they will have process time goals to ensure that they will be in his room as soon as possible.

Kindergarten Operations In the children facilities, the entry and exit of people will be also monitored. A routine will be established in order to uniform the logistics of the place.

Process Management The operational elements mentioned above will be combined with a complete information management system in order to ensure that all the needs of the customers are satisfied.

8. Management

Two TG founders and an experienced management team will launch the business. The board of directors will be composed of a group of talented industry experts. Joining the right specialists with the right management will lead TG to success.

Joana Rosa President Joana is the originator of the TG concept. Her interest in childcare started when she was a child and went every day to the Nursery where her mother worked. During all of her life she loved to take care of babies and she did a lot of volunteer work in different childcare facilities. The interest in senior care began in 2009 when she did a week of volunteer work in a residential facility of Holy House of Mercy in Alcácer do Sal. During that time she understood the feelings of the seniors, the things they can teach to us and all the experiences they have to share. This year, her grandfather died, he had a rapid aging and she felt the difficulties of taking care of a

senior. Although she does not have professional experience, in the beginning of 2011 she earned her undergraduate degree in Management at Nova SBE. During the last five months she developed a research about these two industries, resulting in this business plan, which is the thesis of her master's degree in Management.

Guilherme Pereira Vice President Gui is a founding member of the TG team. He started having interest in these industries when he begins doing volunteer work; and he immediately saw the existing gap in the market. He has a high entrepreneur spirit and he is nowadays the CFO of a micro credit enterprise called MOVE. Gui earned an undergraduate degree in Management at Nova SBE and a master degree in Finance.

Management Team Each one of the TG facilities, Residence, Nursery and Pool&Gym will have a General Manager. The Residence and the Kindergarten will also have a Technical Director each. All these employees will have significant experience in each respective area. The recruitment process will be very carefully treated, identifying and interviewing several potential candidates for these roles and admitting only the ones that have the appropriate profile.

Additional Corporate Management TG will have to hire more industry experienced people to the management team. The positions to be filled include an Executive Director (CEO), a Financial Director (CFO), a Marketing and Communications Director (CMO/CCO), an IT Director (CIO), a Human Resources Director (CHRO), a Director of Operations (COO) (manage organization and processes), a Commercial Director and a Logistics Director (manage supplier relations).

Board of directors Realizing that the founders need to expand their industry experience, the board will primarily be composed of strategic members with a vast experience in the area in addition to significant equity holders.

9. Financials

TG's corporate financial projections are based on cash-on-cash return (EBITDA / Initial Investment). Industry analysts expect the concept to produce returns in the 5%-10% range. TG has three revenue streams (residence sales, nursery sales and pool&gym sales). In the future, a second tier of additional revenue streams, including day care centre, domiciliary care service, senior care product renting and special events, can be pursued. Revenue is distributed between residence, nursery and pool&gym according to the following percentages: 83%, 14% and 3%.

Some assumptions needed to be made to develop the attached financial analysis (App.3):

Investment Cost TG concept implies a location that has enough space to have the facilities with good gardens, near the community and with a high concentration of high disposable income people. This translates into relatively expensive land cost. After a research in some real estate companies, it is projected that a land with 7000m² will cost around 2,5M€. The project (building and all the equipment) will have a total cost of 14.350.000€, divided by the three infrastructures.

Residential Sales It is expected that before opening the doors, there will be 8 apartments sold with the lifetime right of usage and in the first two years of operations more 10 will be sold. It is expected an occupation rate of 50% in the first year, 75% in the second year and a 100% from third year on.

Nursery Sales It is believed that the Nursery will be fully occupied since the beginning of operations, which means that 82 children will pay a monthly fee between 300€-400€. And it is expected that per day there are on average 10 children that stays in the facilities after the normal period (5pm) so their parents will pay an extra fee of 7€ which by month results in a total of 1540€. Any extra hour will augment TG revenues.

Pool&Gym Sales The pool&gym can be used by senior of the residence, children of the nursery and their direct relatives. It is expected that 40 children will join the classes of swimming for babies and children, 60 senior will use the facility (for free) and 100 relatives will sign annual contracts paying the respective prices.

Labor The following table summarizes the staff required for each facility:

Facility	Position	# Required	Salary	Total
Senior Residence	General Manager	1	20.400 €	20.400 €
	Technical Director	1	15.600 €	15.600 €
	Socio cultural animator	1	10.800 €	10.800 €
	Doctor	2	18.000 €	36.000 €
	Nurses	4	14.400 €	57.600 €
	Direct Action Assistant	16	9.600 €	153.600 €
	Domestic services responsible	1	7.200 €	7.200 €
	Cook	1	12.000 €	12.000 €
	Cook Assistant	3	7.200 €	21.600 €
	Auxiliary employee	2	7.200 €	14.400 €
	Receptionist	2	7.200 €	14.400 €
Nursery	General Manager	1	20.400 €	20.400 €
	Technical Director	1	15.600 €	15.600 €
	Kindergarten Teachers	5	9.600 €	48.000 €
	Helpers	7	7.200 €	50.400 €
	Cook	1	9.600 €	9.600 €
	Cook Assistant	2	7.200 €	14.400 €
Pool&Gym	General Manager	1	12.000 €	12.000 €
	Receptionist	1	7.200 €	7.200 €
	Lifeguard	1	7.200 €	7.200 €
	Teachers	2	4.800 €	9.600 €
	Personal Trainers	2	4.800 €	9.600 €
TOTAL		58		567.600 €

Financing

The financial analysis that is attached assumes a start-up capital of 16.850.000€ is financed by private placed convertible debt (55%) and equity (45%). TG management search for qualified investors who have senior and childcare experience, understand the nature of both industries, and seek an opportunity to add value to management team as advisors, or view this investment as an addition to their diversified portfolio of angel capital investments. Investors in the initial round will receive common stock and debt convertible into common stock.

Risks

Certain negative events can cause TG's performance to fall below expectations: TG's assumptions about revenue can fall far below management estimates; other competitors can seek to enter in the Private Senior Care market, limiting opportunities for expansion; and if economic recession continue and people opt for staying at home as long as possible, either in the beginning and in the end of life; and if senior doesn't value an active aging, the concept will have limited demand.

10. References

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11. Appendices

Appendix 1. Concept Plan



Appendix 2. Sample of Modalities of Payment

Residence modalities of payment									
Typology	# of units	Private Area (m2)	Lifetime right of usage (LRU)				Monthly payment		
			65+ years old	70+ years old	75+ years old	80+ years old	Resident	LRU	TRU
Rooms	24	16,7	-	-	-	-	-	-	3.500 €
T0	8	31,1	74.000 €	66.000 €	58.000 €	50.000 €	1st	1.300 €	2.000 €
							2nd	900 €	900 €
T1	16	40	100.000 €	90.000 €	80.000 €	70.000 €	1st	1.550 €	2.500 €
							2nd	1.000 €	1.000 €
T2	4	61,65	135.000 €	120.000 €	105.000 €	90.000 €	1st	1.800 €	3.500 €
							2nd	1.100 €	1.100 €
Kindergarten modalities of payments									
Issue					Price	Observations			
Enrollment					250€				
Full time (8a.m. – 5p.m.)					400€	Includes lunch and afternoon snack			
Partial time (8a.m. – 1p.m.)					300€	Includes lunch			
Each extra afternoon (1p.m. – 5p.m.)					10€	Includes afternoon snack			
Each extra hour (5p.m. – 7p.m.)					5€				
Notes: All children have to bring diapers and toiletries The facility is closed in August but children have to pay 12 months									
Pool&Gym modalities of payment									
Issue						Price (monthly)		Observations	
Enrollment						35€			
All week (except Sunday) – free time peak						50€		9a-m. – 8p.m.	
All week (except Sunday) – time off peak						45€		9a.m. – 5p.m.	
3x/week – free time peak						40€		9a.m. – 8p.m.	
3x/week – time off peak						35€		9a.m. – 5p.m.	
Swimming classes for babies (6 - 48months)						40€		1x/week	
Swimming classes for children (4 – 6 years old)						40€		2x/week	
Hydro-gymnastics classes						40€		2x/week	
Personal Trainer						40€		1 session	
Notes: The contracts have a minimum duration of one year									

Appendix 3. Financial Analysis

	Assumptions	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME STATEMENT						
Revenues						
Apartments right of usage sales		1.109.850 €	256.450 €	0 €	0 €	0 €
Residence sales		1.013.400 €	1.677.000 €	2.298.870 €	2.298.870 €	2.298.870 €
Kindergarten sales		418.180 €	401.430 €	401.430 €	401.430 €	401.430 €
Pool&Gym sales		47.550 €	74.500 €	80.850 €	80.850 €	80.850 €
Total Revenues	See business plan	2.588.980 €	2.409.380 €	2.781.150 €	2.781.150 €	2.781.150 €
Costs						
Residence costs	15% of sales	152.010 €	251.550 €	344.831 €	344.831 €	344.831 €
Kindergarten costs	15% of sales	62.727 €	60.215 €	60.215 €	60.215 €	60.215 €
Pool&Gym costs	10% of sales	4.755 €	7.450 €	8.085 €	8.085 €	8.085 €
Total Costs		219.492 €	319.215 €	413.130 €	413.130 €	413.130 €
Total Gross Margin		2.369.488 €	2.090.166 €	2.368.020 €	2.368.020 €	2.368.020 €
percent of sales		92%	87%	85%	85%	85%
Operating Costs						
Salary, Wages and Benefits	Labor increase 21% in 1st year and 17% in 2nd	567.600 €	688.800 €	806.400 €	806.400 €	806.400 €
Maintenance		67.000 €	67.000 €	67.000 €	67.000 €	67.000 €
Other OPEX	12% of sales in year 1 and then 8% of sales	177.496 €	172.234 €	222.492 €	222.492 €	222.492 €
Total Operating Costs		812.096 €	928.034 €	1.095.892 €	1.095.892 €	1.095.892 €
EBITDA		1.557.392 €	1.162.131 €	1.272.128 €	1.272.128 €	1.272.128 €
percent of sales		60%	48%	46%	46%	46%
Amortization and Depreciation		265.686 €	265.686 €	265.686 €	265.686 €	265.686 €
EBIT		1.291.707 €	896.445 €	1.006.442 €	1.006.442 €	1.006.442 €
Interest on sub debt	10% on balance	886.750 €	846.750 €	801.750 €	756.750 €	711.750 €
EBT		404.957 €	49.695 €	204.692 €	249.692 €	294.692 €
Interest and Taxes	30% tax rate	121.487 €	14.909 €	61.408 €	74.908 €	88.408 €
Net Profit		283.470 €	34.787 €	143.285 €	174.785 €	206.285 €
BALANCE SHEET						
Assets						
Current Assets						
Cash and Equivalents		122.898 €	114.537 €	113.492 €	103.963 €	125.933 €
Accounts Receivable	30 days sales	215.748 €	200.782 €	231.763 €	231.763 €	231.763 €
Inventory	5% sales residence	50.670 €	83.850 €	114.944 €	114.944 €	114.944 €
Other Current Assets	5% sales services	73.957 €	107.647 €	139.058 €	139.058 €	139.058 €
Total Current Assets		463.272 €	506.815 €	599.256 €	589.726 €	611.696 €
Gross PPE		14.350.000 €	14.350.000 €	14.350.000 €	14.350.000 €	14.350.000 €
Accumulated Depreciation		265.686 €	531.371 €	797.057 €	1.062.743 €	1.328.429 €
Net PPE		14.084.314 €	13.818.629 €	13.552.943 €	13.287.257 €	13.021.571 €
Other Assets	Land	2.500.000 €	2.500.000 €	2.500.000 €	2.500.000 €	2.500.000 €
Total Assets		17.047.587 €	16.825.444 €	16.652.199 €	16.376.983 €	16.133.268 €
Equity						
Paid-in capital	45% of investment	7.582.500 €	7.582.500 €	7.582.500 €	7.582.500 €	7.582.500 €
Retained Earnings		283.470 €	318.256 €	461.541 €	636.326 €	842.610 €
Total Equity		7.865.970 €	7.900.756 €	8.044.041 €	8.218.826 €	8.425.110 €
Liabilities						
Current Liabilities						
Accounts Payable	30 days costs	18.291 €	26.601 €	34.428 €	34.428 €	34.428 €
Other current liabilities	20% sales services	295.826 €	430.586 €	556.230 €	556.230 €	556.230 €
Total Current Liabilities		314.117 €	457.187 €	590.658 €	590.658 €	590.658 €
Subordinated debt	55% of investment	8.867.500 €	8.467.500 €	8.017.500 €	7.567.500 €	7.117.500 €
Total Liabilities		9.181.617 €	8.924.687 €	8.608.158 €	8.158.158 €	7.708.158 €
Total Equity and Liabilities		17.047.587 €	16.825.444 €	16.652.199 €	16.376.983 €	16.133.268 €